

TOWN OF SPRINGFIELD, LOUISIANA

**BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT, SUPPLEMENTAL SCHEDULES
AND OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-24-07

TOWN OF SPRINGFIELD, LOUISIANA
Basic Financial Statements
As of and For the Year Ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

December 12, 2006

Mayor and Board of Aldermen
Town of Springfield, Louisiana

We have audited the accompanying basic financial statements of the Town of Springfield, Louisiana, as of and for the year ended June 30, 2006. These financial statements are the responsibility of the Town of Springfield, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Springfield, Louisiana at June 30, 2006, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 12, 2006, on our consideration of the Town of Springfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 9 and page 28, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town of Springfield, Louisiana taken as a whole. The accompanying supplemental information, as listed in the Table of Contents and identified as schedules 2 and 3 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,

A handwritten signature consisting of several overlapping loops, likely representing the name 'Dean and Dean'.

Dean and Dean, CPA's

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis

Within this section of the Town of Springfield, Louisiana's (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2006. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by \$1,539,776 (net assets) for the fiscal year reported.
- Total revenues of \$544,344 exceeded total expenses of \$527,117, which resulted in a current year surplus of \$17,227.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$1,280,577 which includes property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$259,199.
- The Town's general fund reported total ending fund balance of \$208,788 this year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The government-wide financial statements present both governmental-type and business-type activities of the Town. The governmental-type activities are principally supported by sales taxes, other taxes and licenses. The governmental activities of the Town include general government, police protection, street maintenance, and solid waste. The only business-type activity of the Town is its sewer system. The Town completed construction of the sewer system on May 1, 2005 and this was its first full year of operations.

The government-wide financial statements are presented on pages 10 and 11 of this report.

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town uses governmental funds and proprietary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. The basic governmental fund financial statements are presented on pages 12-13 of this report.

The Proprietary fund accounts for sewer services for the Town. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 15 to 17 of this report.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column in the Government-Wide Financial Statements, the Governmental Fund Financial Statements require a reconciliation to the Governmental-Type column of the Government-Wide Financial Statements. This reconciliation can be found on page 14 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. These schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on page 28 of this report.

Financial Analysis of the Town as a Whole

The Town's net assets at fiscal year-end are \$1,539,776. The following table provides a summary of the Town's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-Types Activities</u>		<u>2006 Total</u>		<u>2005 Total</u>	
Assets:								
Current & Other	\$ 236,998	57%	\$ 56,631	2%	\$ 293,629	10%	\$ 239,826	8%
Capital assets	<u>177,961</u>	43%	<u>2,614,763</u>	98%	<u>2,792,724</u>	90%	<u>2,828,806</u>	92%
Total assets	414,959	100%	2,671,394	100%	3,086,353	100%	3,068,632	100%
Liabilities:								
Current liabilities	28,210	100%	6,220	0%	34,430	2%	23,375	2%
Long-term debt	<u>-</u>	0%	<u>1,512,147</u>	100%	<u>1,512,147</u>	98%	<u>1,522,708</u>	98%
Total liabilities	28,210	100%	1,518,367	100%	1,546,577	100%	1,546,083	100%
Net assets:								
Invested in capital assets	177,961	46%	1,102,616	96%	1,280,577	83%	1,306,098	86%
Unrestricted	<u>208,788</u>	54%	<u>50,411</u>	4%	<u>259,199</u>	17%	<u>216,451</u>	14%
Total net assets	<u>386,749</u>	100%	<u>1,153,027</u>	100%	<u>1,539,776</u>	100%	<u>1,522,549</u>	100%

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

Overall, the Town's office reports net assets of \$1,539,776. This amount is \$17,227 higher than last year. The Town has \$1,280,577 invested in capital assets. Current assets exceed current liabilities by \$236,118.

The following table provides a summary of the Town's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		2006 Total		2005 Total	
Revenues:								
Program:								
Charges for services	\$ 34,022	9%	\$ 52,199	36%	\$ 86,221	16%	\$ 43,395	4%
Operating grants & Contributions	40,303	10%	-	0%	-	0%	-	0%
Capital grants & Contributions	-	-	9,183	6%	40,303	7%	21,833	2%
					-	0%	-	0%
					9,183	2%	568,608	57%
General:								
Sales taxes	254,182	64%	85,280	58%	339,462	62%	279,730	28%
Licenses & Permits	31,888	8%	-	0%	31,888	6%	31,587	3%
Other taxes	39,984	10%	-	0%	39,984	7%	37,437	4%
Other general revenue	(2,728)	-1%	31	-	(2,697)	0%	20,783	2%
Total Revenues	\$ 397,651	100%	\$ 146,693	100%	\$ 544,344	100%	\$ 1,003,373	100%
Program Expenses:								
General Government	\$ 156,971	47%	\$ -	0%	\$ 156,971	30%	\$ 167,545	43%
Police Protection	119,549	35%	-	0%	119,549	23%	136,327	35%
Streets	34,950	10%	-	0%	34,950	7%	27,270	7%
Solid Waste	25,493	8%	-	0%	25,493	5%	23,529	6%
Sewer System	-	0%	190,154	100%	190,154	35%	38,257	9%
Total Expenses	\$ 336,963	100%	\$ 190,154	100%	\$ 527,117	100%	\$ 392,928	100%
Increase (Decrease) in Net Assets	\$ 60,688		\$ (43,461)		\$ 17,227		\$ 610,445	

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Town primarily relies on sales taxes to support its governmental activities. Sales taxes were almost 62% of the Town's total revenues.

GOVERNMENTAL FUNCTIONAL EXPENSES

The Town's programs include general government, police protection, streets, and solid waste. General government and police protection represent 85% of the Town's expenses.

BUSINESS-TYPE ACTIVITIES

The business activities revenue consists of sales tax and user fee revenue. Also, note that the business-type activity revenues and expenses are much higher in the current year because the system was only operational for two months in the prior year.

Financial Analysis of the Town's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$208,788.

The unreserved, undesignated fund balance increased by \$43,108 from the previous year.

Major Governmental Funds

The General Fund is the Town's only governmental fund and source of day-to-day service delivery. The General Fund's fund balance increased by \$43,108. In fiscal year 2006, the Town did not make any major expenditures, and revenues and expenses were about the same as fiscal year 2005. For this reason, the fiscal year surplus in 2006 is approximately the same as fiscal year 2005.

TOWN OF SPRINGFIELD, LOUISIANA
Management's Discussion and Analysis (Continued)

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues would exceed total expenses by \$1,000. Because sales tax revenues were falling short of originally budgeted amounts for fiscal year 2006, the budget was amended to reflect a deficit of \$21,000. The actual surplus was \$43,108 because spending in the police department was lower than anticipated.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets, net of accumulated depreciation as of June 30, 2006, was \$177,961 for governmental activities and \$2,614,763 for business-type activities. There was an overall increase of approximately \$17,000 in capital assets used for governmental activities. The increase is due to the purchase of two police vehicles and a new storage facility at the town hall. There was very little capital asset activity for the sewer system because the system was just completed at the end of the previous year. See Note D for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The Town implemented GASB Statement #34 in 2004. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to July 1, 2003. Historically, a government's largest group of assets, infrastructure assets (e.g. roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with fiscal year 2004, this new statement requires these assets be valued and reported within the Governmental Activities column of the Government-Wide Financial Statements.

Long-Term Debt

The Town of Springfield has a very simple debt structure. There is no debt for governmental activities. The only debt for business-type activities is the revenue bonds that were issued to the United States Department of Agriculture – Rural Utility Services to construct the sewer system.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's office, Mrs. Marie Kreutzer at 225-294-3150.

TOWN OF SPRINGFIELD
STATEMENT OF NET ASSETS
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2006

Statement A

	Governmental Type Activities	Business Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 176,246	\$ 20,254	\$ 196,500
Taxes receivable	54,162	16,279	70,441
Accounts receivable		3,607	3,607
Due from (to) other funds	6,590	(6,590)	0
Loan issue costs		23,081	23,081
Property and equipment, net	177,961	2,614,763	2,792,724
TOTAL ASSETS	\$ 414,959	\$ 2,671,394	\$ 3,086,353
LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Accounts payable	\$ 24,227	\$ 3,020	\$ 27,247
Accrued interest payable		3,200	3,200
Unearned grants	3,983		3,983
Current portion of revenue bonds		16,275	16,275
Sewer revenue bonds payable	-0-	1,495,872	1,495,872
Total Liabilities	28,210	1,518,367	1,546,577
<u>Net Assets</u>			
Invested in capital assets, net of related debt	177,961	1,118,891	1,296,852
Unrestricted	208,788	34,136	242,924
Total Net Assets	386,749	1,153,027	1,539,776
TOTAL LIABILITIES AND NET ASSETS	\$ 414,959	\$ 2,671,394	\$ 3,086,353

See Accompanying Notes

TOWN OF SPRINGFIELD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Statement B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>							
General Government	\$ 156,971	\$ -	\$ 7,377	\$ -	\$ (149,594)	\$ -	\$ (149,594)
Police Protection	119,549	34,022	32,926	-	(52,601)	-	(52,601)
Streets	34,950	-	-	-	(34,950)	-	(34,950)
Solid Waste	25,493	-	-	-	(25,493)	-	(25,493)
Total Governmental Activities	336,963	34,022	40,303	0	(262,638)	0	(262,638)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Sewer System	190,154	52,199	-	9,183	-	(128,772)	(128,772)
Total Business-Type Activities	190,154	52,199	0	9,183	0	(128,772)	(128,772)
Total Primary Government	\$ 527,117	\$ 86,221	\$ 40,303	\$ 9,183	(262,638)	(128,772)	(391,410)
<u>GENERAL REVENUES</u>							
Sales taxes					254,182	85,280	339,462
Licenses and permits					31,888	-	31,888
Other taxes					39,984	-	39,984
Other general revenue					(2,728)	31	(2,697)
Total General Revenues					323,326	85,311	408,637
CHANGE IN NET ASSETS					60,688	(43,461)	17,227
NET ASSETS AT BEGINNING OF YEAR					326,061	1,196,488	1,522,549
NET ASSETS AT END OF YEAR					\$ 386,749	\$ 1,153,027	\$ 1,539,776

See Accompanying Notes

TOWN OF SPRINGFIELD
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
JUNE 30, 2006

Statement C

ASSETS

Cash and cash equivalents	\$ 176,246
Taxes receivable	54,162
Due from Sewer Fund	<u>6,590</u>
TOTAL ASSETS	<u>\$ 236,998</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 24,227
Unearned Grants	<u>3,983</u>
Total Liabilities	<u>28,210</u>

Fund Balance

Unreserved & Undesignated	<u>208,788</u>
Total Fund Balance	<u>208,788</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 236,998</u>

See Accompanying Notes

TOWN OF SPRINGFIELD
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUND TYPE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

Statement D

REVENUES

Sales taxes	\$ 254,182
Other taxes	39,984
Licenses and permits	31,888
Fines and forfeitures	34,022
Grants and contributions	40,303
Other	<u>12,178</u>
Total Revenues	<u>412,557</u>

EXPENDITURES

General government	175,390
Public safety	137,724
Streets	30,842
Solid waste	<u>25,493</u>
Total Expenditures	<u>369,449</u>

EXCESS OF REVENUES OVER EXPENDITURES 43,108

FUND BALANCE AT BEGINNING OF YEAR 165,680

FUND BALANCE AT END OF YEAR \$ 208,788

See Accompanying Notes

TOWN OF SPRINGFIELD
GOVERNMENTAL FUND TYPE - GENERAL FUND
RECONCILIATION OF FUND BALANCES AND
CHANGES IN FUND BALANCES TO NET ASSETS
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Statement E

	Beginning Balance	Net Change	Ending Balance
Fund Balance - Governmental Fund	\$ 165,680	\$ 43,108	\$ 208,788
Capital assets not reported in Governmental fund Reported on Statement of Net Assets net of accumulated depreciation:			
Beginning Balance	160,381		
Current year depreciation not reported in Governmental fund, reported in Statement of activities		(21,632)	
Current year capital outlays expensed in Governmental fund, not in statement of activities		54,118	
Current year disposals not reported in Governmental fund, expensed statement of activities		(14,906)	
Ending Balance			177,961
Net Assets of Governmental Activities	<u>\$ 326,061</u>	<u>\$ 60,688</u>	<u>\$ 386,749</u>

See Accompanying Notes

TOWN OF SPRINGFIELD
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2006

Statement F

ASSETS

Current Assets

Cash and cash equivalents	\$ 20,254
Accounts receivable	3,607
Taxes receivable	16,279
Total Current Assets	<u>40,140</u>

Loan issue costs	23,081
Property and equipment, net	<u>2,614,763</u>

TOTAL ASSETS	<u>\$ 2,677,984</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 3,020
Accrued interest payable	3,200
Due to General Fund	6,590
Current portion of revenue bonds payable	16,275
Total Current Liabilities	<u>29,085</u>

Revenue Bonds Payable	<u>1,495,872</u>
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Total Liabilities	1,524,957
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Net Assets

Invested in capital assets, net of related debt	1,102,616
Unrestricted	<u>50,411</u>

Total Net Assets	<u>1,153,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,677,984</u>

See Accompanying Notes

TOWN OF SPRINGFIELD
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET ASSETS -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2006

Statement G

OPERATING REVENUES

Sewer Service Charges	\$ 52,199
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OPERATING EXPENSES

Depreciation and amortization	68,452
Office expenses	1,017
Insurance	3,212
Utilities	26,666
Wages	5,090
Bad debt	6,796
Repairs and maintenance	13,737
Total Operating Expenses	<u>124,970</u>

NET OPERATING INCOME (LOSS)	(72,771)
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NONOPERATING REVENUES (EXPENSES)

Sales tax revenue	85,280
Interest income	31
Interest expense	<u>(65,184)</u>
Total Nonoperating Revenues (Expenses)	20,127

INCOME (LOSS) BEFORE CONTRIBUTIONS	(52,644)
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CAPITAL CONTRIBUTIONS	<u>9,183</u>
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CHANGE IN NET ASSETS	(43,461)
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BEGINNING NET ASSETS	<u>1,196,488</u>
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ENDING NET ASSETS	<u>\$ 1,153,027</u>
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See Accompanying Notes

TOWN OF SPRINGFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2006

Statement H

Cash Flows from Operating Activities

Receipts from customers	\$ 48,943
Payments to suppliers	(42,491)
Net Cash Provided (Utilized) by Operating Activities	<u>6,452</u>

Cash Flows from Noncapital Financing Activities

Sales tax receipts	<u>80,007</u>
Net Cash Provided by Noncapital Financing Activities	<u>80,007</u>

Cash Flows from Capital and Related Financing Activities

Capital Contributions	9,183
Construction of capital assets	(7,122)
Purchase of equipment	(7,059)
Principal paid on capital debt	(10,561)
Interest paid on capital debt	(70,283)
Net Cash Provided by Capital and Related Financing Activities	<u>(85,842)</u>

Cash Flows from Investing Activities

Interest earned	<u>31</u>
Net Cash Provided by Investing Activities	<u>31</u>

NET INCREASE (DECREASE) IN CASH 648

CASH AT BEGINNING OF YEAR 19,606

CASH AT END OF YEAR \$ 20,254

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (72,771)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	68,452
Increase in due to general fund	6,590
Decrease in accounts receivable	3,540
Increase in accounts payable	641
Net cash provided (used) by operating activities	<u>\$ 6,452</u>

See Accompanying Notes

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

A. THE TOWN

The Town of Springfield (the Town) was incorporated in 1838, under a special charter. The Town operates under a Mayor-Board of Aldermen form of government. The Mayor and five Aldermen are elected to four year terms. The Town provides the following services as authorized by its charter: public safety (police), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Town of Springfield, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

For financial reporting purposes, in conformance with Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification), the Town of Springfield includes all funds, account groups, activities, et cetera, that are controlled by the Town's Mayor and Board of Aldermen. Control by the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election and appointment of governing body and other general oversight responsibility.

Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town are classified as governmental funds and enterprise funds. Governmental funds account for the Town's general activities. Enterprise funds account for the activities of the Town's sewer system.

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Town and accounts for the operation of the Town's office. The Town's principal source of revenue, sales taxes, is accounted for in this fund. General operating expenditures are paid from this fund. This is the only governmental fund of the Town.

Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in Statements C and D, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled on Statement E to a government-wide view of the Town's operations.

The amounts reflected in Statements C and D, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Sales taxes, licenses, franchise taxes, beer taxes, and tobacco taxes are recorded in the year in which they are collected or become collectable. Revenue from restricted grants is recorded as the funds from the grant are expended. Interest income on time deposits is recorded when earned and available. Other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

TOWN OF SPRINGFIELD
Notes to the Financial Statements
As of and For the Year Ended June 30, 2006

Revenues and Expenses of Proprietary Funds

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) Statement of Activities (Statement B) display information about the Town as a whole. These statements include all the financial activities of the Town. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from Town users as a fee for services; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Budget

The Town prepares a budget at the beginning of each year based upon prior year expenditures and anticipated revenues for the budget year. The proposed budget is prepared on a modified accrual basis of accounting and is made available for public inspection no later than 15 days prior to the beginning of the budgeted year. The budget was formally adopted on May 18, 2005. All appropriations lapse at year end.

Formal budget integration (within the accounting system) is not employed as a management control device. During the fiscal year, actual revenues and expenditures are compared to budgeted revenues and expenditures by the Mayor and Board of Aldermen. If actual revenues are falling short of budgeted revenues by five per cent or more or if actual expenditures to date plus projected expenditures for the remainder of the year exceed the budgeted expenditures by five per cent or more, the original budget is amended by the Mayor and Board of Aldermen. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The Mayor and Board of Aldermen are responsible for adopting and amending the budget.

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Accounts Receivable

Accounts receivable for the sewer system consist of monthly fees billed to users of the system. When an account becomes more than 90 days old an allowance for bad debt is established for the balance of the account. At June 30, 2006, the allowance for bad debt is \$6,796.

Capital Assets

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over useful lives ranging from five to forty years.

Vacation and Sick Leave

Employees of the Town earn from 5 to 15 days of vacation leave each year, depending on length of service. Vacation leave must be used in the year earned. There is no formal policy on sick leave. Sick leave is approved by the Town based on need. There are no accumulated and vested benefits relating to vacation or sick leave.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

C. CASH AND CASH EQUIVALENTS

At June 30, 2006, the Town had cash and cash equivalents (book balances) totaling \$196,500, as follows:

Demand deposits	\$ 72,608
Money market accounts	<u>123,892</u>
Total	<u>\$ 196,500</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2006, the Town had \$199,182, in deposits (collected bank balances). These deposits were totally secured from risk by federal deposit insurance.

D. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2006, is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Governmental Activities:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Buildings	70,000	21,866	-	91,866
Office Equipment	17,203	507	-	17,710
Furniture & Fixtures	14,027	-	-	14,027
Police Vehicles	43,402	30,380	(39,086)	34,696
Police Equipment	59,005	1,365	-	60,370
Street Equipment	39,261	-	-	39,261
Total Capital Assets	<u>252,898</u>	<u>54,118</u>	<u>(39,086)</u>	<u>267,930</u>
Less Depreciation	<u>92,517</u>	<u>21,632</u>	<u>(24,180)</u>	<u>89,969</u>
Net Capital Assets for Governmental Activities	<u>\$ 160,381</u>	<u>\$ 32,486</u>	<u>\$ (14,906)</u>	<u>\$ 177,961</u>

Depreciation

Charged to:

General Government	\$ 3,954
Police Protection	13,570
Streets	<u>4,108</u>
Total	<u>\$ 21,632</u>

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Business-Type Activities:				
Land	\$ 14,918	\$ -	\$ -	\$ 14,918
Equipment	5,113	-	-	5,113
Construction of Sewer System	2,659,646	14,180	-	2,673,826
Total Capital Assets	2,679,677	14,180	-	2,693,857
Less Depreciation	11,252	67,842	-	79,094
Net Capital Assets for Business-Type Activities	\$ 2,668,425	\$ (53,662)	\$ -	\$ 2,614,763

E. LOUISIANA DEFERRED COMPENSATION PLAN

All of the employees of the Town of Springfield are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 25% of their salary (not to exceed \$7,500 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck. The Town does not make any matching contributions. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Town of Springfield does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator.

F. PENSION PLAN

All employees of the Town's police department are members of the Louisiana Municipal Police Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All full-time police officers, employed in a municipality in the State of Louisiana, engaged in law enforcement, and empowered to make arrests are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated above and do not withdraw their employee contributions may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Springfield is required to contribute at an actuarially determined rate. The current rate is 16.5 percent of annual covered payroll. The contribution requirements of plan members and the Town of Springfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Springfield contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$6,363, \$14,513, and \$11,858, respectively, equal to the required contributions for each year.

G. LONG-TERM DEBT

On May 12, 2004, the Town sold \$1,529,000 of Sewer Revenue Bonds to the United States Department of Agriculture, Rural Utility Service (RUS). The bonds were issued for forty years with the first payment of interest only due on May 12, 2005. Monthly payments of principal and interest totaling \$6,737.02 commence on June 12, 2005 and end on May 12, 2044. Interest accrues at a rate of 4.375% on \$500,000 of the bonds and at a rate of 4.25% on the remaining \$1,029,000 of bonds. Proceeds of the bonds are restricted to use for construction of the Town's sewer system. The bonds may be prepaid at any time without penalty. The balance of the bonds at June 30, 2006 was \$1,512,147. These sewer revenue bonds are the only outstanding long-term debt of the Town as of June 30, 2006.

The bonds are secured by and payable in principal and interest solely by a pledge of the income and revenues of the sewerage system of the Town, after payment of all reasonable and necessary expenses of operating and maintaining the system. The Town has minimum sewer rates it must charge under the bond agreement.

Each month the Town will reserve into a bond and interest sinking fund a sum equal to one-twelfth of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking fund shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the bond and interest sinking fund. There shall also be set aside into a sewer revenue bond reserve fund a sum equal to 5% of the monthly bond payment after the completion and acceptance of the system until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the bond and interest

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

sinking fund as to which there would otherwise be default. During the year ended June 30, 2006, the Town deposited \$5,688 into the reserve fund.

The Town must also make monthly deposits to a depreciation and contingency fund equal to 5% of the monthly bond payment after the completion and acceptance of the system. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. During the year ended June 30, 2006, the Town deposited \$5,688 into the depreciation and contingency fund.

All the revenues received in any fiscal year and not required to be paid into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The following is a summary of the Town's long-term liability transactions for the year ended June 30, 2006:

Business-Type Activities	Balance July 1, 2005	Additions	Payments	Balance June 30, 2006
Sewer Revenue Bonds	\$ 1,522,708	\$ -	\$ 10,561	\$ 1,512,147
Less Current Portion	10,561	5,714	-	16,275
Total Long-Term Liabilities	<u>\$ 1,512,147</u>	<u>\$ (5,714)</u>	<u>\$ 10,561</u>	<u>\$ 1,495,872</u>

The annual requirements to amortize the sewer revenue bonds as of June 30, 2006 including interest payments totaling \$1,593,616 are as follows:

Year ending June 30:

2007	\$ 80,844
2008	80,844
2009	80,844
2010	80,844
2011	80,844
2011-2015	404,221
2016-2020	404,221
2021-2025	404,221
2026-2030	404,221
2031-2035	404,221
2036-2040	404,221
2041-2044	276,217
Total	<u>\$ 3,105,763</u>

TOWN OF SPRINGFIELD, LOUISIANA
Notes to the Financial Statement
As of and for the Year Ended June 30, 2006

H. RISK MANAGEMENT

The Town carries commercial insurance for all major categories of risk including workers' compensation, general liability, and automobile liability. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

SUPPLEMENTAL SCHEDULES

TOWN OF SPRINGFIELD
 STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

Schedule I

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
<u>REVENUES</u>				
Sales taxes	\$ 264,000	\$ 215,000	\$ 254,182	\$ 39,182
Other taxes	43,900	43,900	39,984	(3,916)
Licenses and permits	31,000	30,000	31,888	1,888
Fines and forfeitures	34,000	35,500	34,022	(1,478)
Grants and contributions	40,600	30,600	40,303	9,703
Other	8,200	11,200	12,178	978
Total Revenues	<u>421,700</u>	<u>366,200</u>	<u>412,557</u>	<u>46,357</u>
<u>EXPENDITURES</u>				
General government	190,200	176,200	175,390	810
Public safety	147,500	154,500	137,724	16,776
Streets	60,000	30,500	30,842	(342)
Solid waste	<u>23,000</u>	<u>26,000</u>	<u>25,493</u>	<u>507</u>
Total Expenditures	<u>420,700</u>	<u>387,200</u>	<u>369,449</u>	<u>17,751</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,000	(21,000)	43,108	64,108
FUND BALANCE AT BEGINNING OF YEAR	<u>165,680</u>	<u>165,680</u>	<u>165,680</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 166,680</u>	<u>\$ 144,680</u>	<u>\$ 208,788</u>	<u>\$ 64,108</u>

See Accompanying Notes and Accountants' Report

TOWN OF SPRINGFIELD
 SCHEDULE OF PER DIEM PAYMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

Schedule 2

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

		<u>Total Salaries and Fees Received</u>
Charlie Martin, Mayor (225) 294-5491	PO Box 421 Springfield, LA 70462	\$ 7,200
John Vicknair, Alderman (225) 294-5264	33290 Pitcher Rd. Springfield, LA 70462	1,225
Marsha Sherburne, Alderman (225) 294-3164	25564 McCarroll Rd Springfield, LA 70462	900
Mary A. Bissel, Alderman (225) 294-5444	PO Box 336 Springfield, LA 70462	1,125
Mildred Cowsar, Alderman (225) 294-5617	31464 LA 22 Springfield, LA 70462	1,225
Thomas Abels, Alderman (225) 294-3959	PO Box 436 Springfield, LA 70462	<u>925</u>
		<u>\$ 12,600</u>

TOWN OF SPRINGFIELD
 SCHEDULE OF SEWER USERS AND RATES
 AND INSURANCE COVERAGE
 FOR THE YEAR ENDED JUNE 30, 2006

Schedule 3

	<u>Number of Users</u>	<u>Rate</u>
Residential Sewer Users	115	\$17.00/Mo.
Commercial Sewer Users	31	\$50.00/Mo.
School Sewer Users	2	\$250.00/Mo.

<u>INSURANCE COVERAGES</u>	<u>Amount</u>	<u>Expires</u>
General Liability	\$ 500,000	May 20, 2007
Auto Liability	\$ 500,000	May 20, 2007
Workers Compensation	\$ 500,000	May 20, 2007
Commercial Property	\$ 920,000	March 7, 2007
Surety Bond	\$ 5,000	March 1, 2007

DEAN AND DEAN

CERTIFIED PUBLIC ACCOUNTANTS

11909 Bricksome Ave., ste. W-1
Baton Rouge, LA 70816
Telephone: (225) 292-7554
Fax: (225) 292-7525

Donald A. Dean, CPA
David P. Dean, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

December 12, 2006

Mayor and Board of Aldermen
Town of Springfield, Louisiana

We have audited the accompanying component unit financial statements of the Town of Springfield as of and for the year ended June 30, 2006, and have issued our report thereon dated December 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Springfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Mayor and Board of Aldermen
December 12, 2006

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's Mayor and Board of Aldermen, management, and the Louisiana Legislative Auditor and is not intended to be and should not be use by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, representing the signature of Dean and Dean, CPAs.

Dean and Dean, CPAs